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SUBJECT: STATUS OF OMANI LABOR COMMITMENTS UNDER THE FREE
TRADE AGREEMENT

REF: MUSCAT 01541

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11. Summary: Oman committed to enact specific labor law reforms by October 31, 2006 under Free Trade Agreement (FTA) negotiations. To date, Oman has met almost all of its commitments regarding worker protections, collective bargaining and the right to strike. However, it has not published implementing regulations for reforms covering union organizing, or issued a pending circular prohibiting the withholding of passports. A clarification of compulsory labor provisions for public servants in Oman's Basic Law also is outstanding. End Summary.

12. In a letter dated May 8, 2006 to former-U.S. Trade Representative Robert Portman, Minister of Commerce and Industry Maqbool Ali Sultan specified his government's commitment to fulfill certain labor obligations resulting from the U.S.- Oman FTA. Maqbool pledged that Oman would make a number of reforms to its Basic Law and 2003 Labor Law by October 31, 2006. The following paragraphs list the commitments in the May 8 letter and the steps Oman has taken to fulfill them.

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Oman's Commitments to Labor Reform
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13. Commitment: Prohibit employers from engaging in forced labor and withholding workers' passports or other documents. Action: On July 8, 2006 the Sultan issued Royal Decree 74/2006, amending the 2003 Labor Law to prohibit forced labor and set penalties not to exceed one month in prison and/or 500 Omani Riyals (OR). Minister of Manpower Juma bin al-Juma reportedly is prepared to sign an administrative circular carrying the force of law that will prohibit employers from withholding passports (ref A).

14. Commitment: Increase the penalties against employers who hire child labor or abuse women in the workplace. Action: The Royal Decree of July 8 amended Article 118 of the 2003 Labor Law to raise the fines from 100 OR per violation to 500 OR. The Decree also increases possible prison terms for repeat offenders from one week to one month.

15. Commitment: Permit workers to form more than one union per firm, and unions to create and choose among more than one federation to represent their collective interests. Action:

The Royal Decree of July 8 officially recognizes workers' right to form unions, formerly called "representative committees," and a General Federation, formerly called "The Main Representative Committee," which would represent them at regional and international fora. In addition, the Decree amends and adds to Articles 108 and 110 of the 2003 Labor Law to allow more than one union per firm. The Sultan issued Royal Decree 112/2006 on November 4 to amend Article 109 to allow unions to create more than one General Federation. Royal Decree 112 further authorizes the creation of a new body called the General Confederation for Oman's Laborers.

¶6. Both Royal Decree 74 and 112 state that the Ministry of Manpower (MOM) would publish regulations under a Ministerial Decision covering the registration, formation and activities of unions and their representative bodies. The Ministerial Decision reportedly is complete, and contacts state that Minister al-Juma is prepared to sign and issue the Decision (ref A).

¶7. Commitment: Expand the definition of wrongful termination to include termination for lawful union activity, and raise the penalties against employers who engage in anti-union discrimination. Action: Royal Decree 74 adds language to Article 110 of the 2003 Labor Law specifically prohibiting employers from firing or imposing other penalties on workers who engage in union activities. The Decree also amends Article 112 to include new penalties for impeding union development not to exceed one month in prison and/or 500 OR. Royal Decree 112 expands the prohibition in Article 110 to cover the newly-authorized confederation. The new Decree does not, according to local press, amend Article 106 to specifically list reinstatement as a remedy for workers wrongfully dismissed.

¶8. Commitment: Remove government involvement in workers' ability to form unions and conduct their activities. Action:

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The Royal Decrees of July and November amend Article 110 of the 2003 Labor Law to read that unions, federations and the confederation are free to act as independent entities without interference in their affairs by government or any other party.

¶9. Commitment: Require employers to engage in collective bargaining over terms and conditions of employment, including wages and hours of work, and guarantee workers' right to strike. Action: Royal Decree 74 creates a new article in the 2003 Labor Law, Article 107/bis, directing the MOM to issue implementing regulations covering collective bargaining and the right to strike. On November 1, Minister al-Juma issued a Ministerial Decision titled "Regulations of Collective Bargaining, Labor Disputes Resolution, Strikes and Closure" to meet this requirement.

¶10. Commitment: Specify which classes of public service could be required under compulsory labor provisions. Action: According to Minister Maqbool, the government committed to amend Article 12 of Oman's Basic Law to clarify the classes of public employees that may fall under its provisions. Such clarification remains outstanding.
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